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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 003917

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STATE PASS AIT/W

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TAGS: PGOV TW SUBJECT: LY ELECTION PREVIEW: SOUTHERN TAIWAN

REF: A. TAIPEI 03340

¶B. TAIPEI 03867 (AIT/K)

Classified By: AIT Kaohsiung Principal Officer Robert W. Forden, Reason

11. (C) Summary: Heading into the last few days of the Legislative Yuan (LY) campaign, little change is expected overall in Taiwan's southern districts, the Pan-Green's traditional stronghold. Southern Democratic Progressive Party (DPP) officials say the party already reached the point of "saturation" in the 2001 election and assess that there is little territory to be gained. Tactical maneuvers in areas such as nomination strategy and "peipiao" vote allocation schemes will likely result in gains and losses in individual districts, but overall these will probably even out, giving neither side a significant net gain in the south. The real battlegrounds in this year's contest for control of the ${\tt LY}$ will be in northern and central Taiwan. End Summary.

KMT/DPP Balance Not Likely to Change in Chiayi

12. (C) Chiayi City's two seats are currently divided between the DPP and the Kuomintang (KMT) and both incumbents are running for reelection. The KMT's Huang Ming-hui seems assured of keeping his seat, because the People First Party (PFP)'s decision not to field a candidate means he faces no contrast the DPP's incumbent, former Formosa TV Chairman Trong Chai (Tsai Tong-rong), faces an unusual Taiwan Solidarity Union (TSU) rival for the Pan-Green vote. The TSU's Ling Tzu-chu is an attractive, well-spoken

second-generation Mainlander and retired military officer who now owns an English cram school and runs a radio station. However Chai, also an outspoken advocate for Taiwan independence, seems likely to be able to fend off this threat and keep his seat.

 $\P 3.$ (C) Three of Chiayi County's four seats are currently held by the DPP, and the KMT's decision to run three newcomers means it will likely stay that way. Of the three, Weng Chung-chun, who has the endorsement of the incumbent, is the only one expected to win. Even the KMT County Chairman, Huan Chung-hsien, acknowledges that the other two nominees are long-shots, as the party has only "enough votes for one and a half candidates." DPP incumbent Chang Hua-guan and newcomer Lin Kuo-chin are widely expected to win, but the other DPP incumbent, Tsai Chi-fang, is in danger of losing to Ho Jing-sung, an incumbent DPP maverick running for the Non-partisan Solidarity Union (NSU), or to the TSU's nominee.

Tainan City Incumbents All Safe

 $\underline{\mbox{14.}}$ (C) Observers on both sides expect that all six of Tainan City's incumbents will win re-election, maintaining the current 4-2 Pan-Green advantage. The three DPP candidates and one TSU candidate agreed early in the campaign to and one TSU candidate agreed early in the campaign to distribute votes in a "peipiao" vote allocation strategy, which they believe will assure them of victory (See Ref A for more on the importance of "peipiao"). The KMT's two nominees also seem on track for reelection. The biggest variable, however, will be the performance of the PFP's nominee, Kao Szo-po. Because the Pan-Blue have not settled on an interpretation contains a subject to the performance of the performance of the performance. inter-party peipiao scheme, it is unlikely Kao will be able to take one of the Pan-Green seats. He is far more likely to displace one of the KMT nominees, but his chances of even that are slim because of the PFP's unpopularity in Tainan.

DPP May Lose a Seat in Tainan County ...

15. (C) The DPP seems unlikely to repeat its surprise success in the last election in winning five of the eight Tainan County LY seats. At that time, the KMT heavily overnominated, and four of its six candidates lost by just a few thousand votes each. This time, the KMT hopes to take back some of that territory by nominating only four candidates. Additionally, Lee Ho-Shun, an at-large KMT legislator who failed to get renominated, is running under

the NSU banner. The DPP nominated all four incumbents (the fifth seat was vacated by Mark Chen when he was appointed Foreign Minister) as well as one newcomer. Most observers expect the county to split 4-4 this time because of the KMT's conservative nomination strategy. However, the current 5-3 Pan-Green advantage might be maintained if the PFP nominee diverts enough votes from KMT candidates to give a seat to the dark-horse TSU candidate, college professor Tseng Hsing-chao.

 \dots And One or Two More in Kaohsiung City

16. (C) The Pan-Green is even less likely to repeat its impressive 2001 victory in Kaohsiung City, where captured eight of eleven LY seats. As in Tainan, the Pan-Green's success in Kaohsiung was largely a result of the Pan-Blue's mistakes, including reckless overnomination. This time the KMT and PFP have nominated more conservatively and the Pan-Green will struggle just to hold onto seven seats. It could drop to six or even five if its "peipiao" strategy is not implemented well. Lately, some of the leading candidates in both the DPP and the TSU have begun complaining about their parties' widely-publicized peipiao plans. Additionally, there are two Pan-Green leaning independents who are doing well in the polls and who might undermine support for the DPP and TSU. However, the Pan-Blue is not widely expected to make large gains because it faces threats from ex-KMT mavericks and independents as well. It seems therefore that the most probable outcome is for the DPP and TSU to lose a seat or two, but more likely to Pan-Green

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leaning independents rather than to the KMT or PFP. These will, then, likely vote with the Pan-Green once the LY convenes.

Big Gains for DPP in Kaohsiung County

17. (C) The Pan-Green faces nearly the opposite situation in Kaohsiung County (Ref B), which is currently split 5-4 in favor of the Pan-Blue. In 2001, poor nomination strategy and vote distribution lost the DPP two seats to the KMT that it might otherwise have won. This year the DPP is expected to do a much better job allocating votes among its five candidates and will likely get all of them, plus one TSU candidate elected. These gains will come largely at the expense of the KMT's three nominees, of whom only one is likely to be reelected. The PFP's two candidates, with solid bases of support in the ethnic Mainlander and Hakka communities, are expected to keep their seats.

Musical Chairs in Pingtung - DPP May Lose a Seat

18. (C) Rural Pingtung County's declining population resulted in a reduction from seven to six seats. Observers on both sides think the loss will likely come at the expense of the DPP, which currently holds four seats, despite its best efforts at peipiao. The KMT's two seats are considered safer, although party officials worry that their nominee Wu Chin-lin might be negatively affected by the scandal surrounding his brother, a former Magistrate hiding from a corruption conviction. Independent incumbent Tsai Hao, a local cable television mogul widely rumored to have links to organized crime, is still expected to take the last seat despite a recent indictment for vote-buying in the 2001 LY election.

Taitung and Penghu Will Remain Blue

19. (C) Taitung County's one seat is occupied by KMT legislator Huang Chien-ting. Few observers doubt that he will win reelection, despite the surprise decision of the Magistrate to defect from the PFP to the DPP and subsequently endorse the DPP LY candidate, Hsu Jui-kuei, who himself defected from the PFP earlier this year. The situation in Penghu County is similar. The incumbent there is Lin Pin-kun, a former KMT member running under the NSU banner with unofficial KMT support. Lin was ejected from the KMT after being sentenced to 15 years for corruption in 1998, but because of appeals and other legal delays, he has yet to serve his sentence. Despite this, few observers outside the DPP campaign office expect him to lose his seat to the DPP challenger.

Comment: No Big Gains to be Made in South

110. (C) Comment: DPP dominance in most of southern Taiwan was established years ago and is now at a point of "saturation." Further gains for the Pan-Green in the south are likely to be difficult to achieve. The remaining Pan-Blue vote resides in distinct demographic groups, such as Mainlanders, retired government and state-enterprise workers, etc. that will be difficult to move away from their close and long-standing

ties to the KMT. The DPP seems to have realized this and nominated relatively conservatively in most southern districts, seeking only to defend the territory it currently holds. The major exception to this is Kaohsiung County, where the DPP is trying to capture two seats it lost in the last election due to bad vote allocation. This likely gain will be offset by probable losses in other districts like Tainan County and Kaohsiung City, where the KMT is making up for past overnomination blunders. With the exception of such tactical maneuvering, however, the major battles for control of the LY in this campaign will be fought in northern and central Taiwan, and not in the south.

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